

# TENNESSEE REGULATORY AUTHORITY



Pat Miller, Chairman  
Deborah Taylor Tate, Director  
Sara Kyle, Director  
Ron Jones, Director

460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

May 10, 2005

Mr. Charles B. Welch, Jr.  
Farris Mathews Branam Bobango Hellen & Dunlap, PLC  
618 Church Street, Suite 300  
Nashville, TN 37219

Re: Petition of Telcove, Inc., Telcove Operations, Inc., Telcove of Tennessee, Inc., Telcove of Nashville for Approval to Increase the Amount of an Existing Secured Revolving Credit Facility and to Issue New Debt- Docket 05-00125.

Dear Mr. Welch:

The Tennessee Regulatory Authority received the above petition from TelCove, Inc., et. al. requesting approval to amend the financing previously approved by the Authority in Docket 04-00168 and amended in Docket No. 05-00041 as well as request new debt. The Staff requires additional information in order to consider this petition. Your timely response to this request will enable us to process this petition more expeditiously. Please refer in your responses to this request as Data Request No. 1 and respond by May 18, 2005. Provide answers to following questions:

1. Describe, in greater detail, the terms of the sixty-five million dollar senior secured multi-draw second lien and first mortgage?
2. In the event of default how does the granting of first-priority liens and mortgages affect TelCove Operations and TelCove of Nashville?
3. How will these transactions be recorded on the company's books?
4. In view of the prior bankruptcies, explain how these loans affect the debt to equity ratio?
5. How will the interest expense be allocated to the Tennessee entities' books?

Complete your responses and send an original and thirteen copies to:

Ms. Sharla Dillon, Docket Room Manager  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

If you have any questions, please e-mail Colleen Edwards at [colleen.edwards@state.tn.us](mailto:colleen.edwards@state.tn.us) or call 741-2904, ext. 176.

Sincerely,

Aster Adams, Chief  
Competitive Markets & Policy Division

C: Mr. Pat Miller, Chairman  
Ms. Sharla Dillon, Docket Room Manager